Digitized by the Internet Archive
in 2010 with funding from
Lyrasis Members and Sloan Foundation

http://www.archive.org/details/messageofwilliam1884hami

[Document A.]

BY THE SENATE,

January 2d, 1884.

Read, and referred to Special Committee for distribution of the various subjects therein contained.

By order,

J. M. MILLER,

Secretary.

MESSAGE

OF

WILLIAM T. HAMILTON,

GOVERNOR OF MARYLAND,

TO THE

GENERAL ASSEMBLY,

At its Regular Session,

JANUARY, 1884.

ANNAPOLIS:
JAMES YOUNG, STATE PRINTER.
1884.

10903

Maryland
I
87
.M3
1884

MESSAGE.

Gentlemen of the Senate and House of Delegates:

In discharge of the duty imposed upon the Executive by the Constitution, I beg leave to submit the following to your consideration:

The condition of the treasury is shown by the tables of the Comptroller for the fiscal year ended September 30, 1883:

Total receipts during the fiscal year	$2,097,376 88
Balance in the treasury September 30, 1882	638,506 63
	$2,735,883 51
Disbursements for the fiscal year	1,753,699 99
Balance in the treasury September 30, 1883	$982,183 52

The receipts into the treasury for the year were from the following sources:

From the direct tax	$967,618 11
From internal improvement companies—dividends and interest	261,552 99
From ordinary sources, to wit: Licenses, tax on gross receipts of railroads, tax on insurances and commissions, &c., &c	868,205 78
Total receipts for fiscal year 1883	$2,097,376 88

The disbursements were as follows:

To interest on public debt	$674,601 99
To public schools	468,970 17
To miscellaneous expenditures, to wit: Salaries, colleges and academies, public institutions, &c., &c	610,127 83
Total disbursements	$1,753,699 99

173503

Showing an excess of receipts over disbursements of $343,676.89 for the year ended 30th September, 1883.

The total receipts into the treasury for the fiscal year ended September 30, 1882, were $1,924,481.47.

And from the following sources:

From direct tax	$898,867 18
From internal improvement companies—dividends and interest	225,076 94
From miscellaneous sources, to wit: Licenses, gross receipts from railroads, insurances, &c	800,537 35
Total receipts for fiscal year 1882	$1,924,481 47

The disbursements were as follows:

To interest paid on public debt	$620,233 34
To public schools	535,855 34
To credit of sinking fund	171,982 51
To legislative expenses for per diem, mileage, &c., for members and officers, &c., &c	105,846 77
To legislative printing	25,800 00
To miscellaneous expenditures, to wit: For salaries, colleges, academies, public institutions, &c	578,455 17
Total disbursements	$2,038,173 13

Showing an excess of disbursements over receipts of $113,691.66 for the fiscal year ended September 30, 1882.

It must be noted that this was the legislative year, and the expenses of the session for the per diem of members, &c., and for the legislative printing, amounted to $131,646.77; also, that there was transferred from the treasury proper to the sinking fund $171,982.51 for the redemption of the public debt, making in the aggregate the sum of $303,629.28. So that but for these two items the receipts would have exceeded the disbursements by $189,937.62, and if nothing

had been carried to the sinking fund, but accounting only for the legislative expenses which must biennially occur, there would have been an excess of receipts over disbursements of $58,290.85. This, it must be admitted, is too close a margin for any year, whether legislative or not, and had it not been for the economy practiced by the Legislature of 1882 in retrenching its own expenses, embracing that of printing and also in the publication of the laws, by which in the aggregate there was a reduction in expenditure of $72,473.72 over that of the Legislature of 1880, there would have been an absolute deficit of receipts into the treasury to meet disbursements for that year. This very narrow margin forcibly presents the importance and necessity of a continued rigid economy in legislative expenses and in appropriations of all kinds, and especially when we know the fact to be that included in these receipts, as if for general purposes, are the loan taxes, which are required to be applied to specific purposes and not to be expended for any other, and if so applied as directed by the Constitution and the laws, there would have been a large deficit of receipts to meet disbursements, as I shall presently show.

For the fiscal year 1883 there were no legislative and attendant expenses, and not a dollar was carried out of the treasury proper to the credit of the sinking fund; hence the larger balance in the treasury at the end of this year.

The balance in the treasury for the year ended 30th September, 1882, was $638,506.63. The balance in the treasury for the year ended 30th September, 1883, is $982,183.52.

This balance contrasts favorably, it may be said, with the embarrassed condition of the treasury for the fiscal year ended September 30, 1878, when the State was obliged to make a temporary loan of $125,000 and a permanent loan of $500,000 to supply the needs of the treasury.

This favorable financial condition is mainly to be attributed to restraints in legislative appropriations to different

objects and in a general progressive economy practiced in legislation and in administration. It is only necessary to improve upon the progress already made to put our financial affairs upon the most solid basis, when we can look for the certain and early extinction of the public debt without further impositions upon the people and without impairing our productive assets.

The direct tax is still 18¾ cents on the hundred dollars of property, and it yielded to the treasury for the last fiscal year (1883) the sum of $967,618.11.

And this tax is imposed for the purposes following, and is alone applicable to them under the laws:

Bounty loan tax, 5½ cents on the $100, yielded...	$284,008 97
Deaf and Dumb Asylum loan tax, ¾ cent on the $100, yielded.....	38,719 57
Hospital loan tax, 1 cent on the $100, yielded...	51,633 03
Treasury relief loan tax, 1½ cents on the $100, yielded.....	77,240 02
Public schools tax, 10 cents on the $100, yielded	516,004 79
Southern relief, House of Correction and Normal School, now extinct.....	11 73
Total direct tax, 18¾ cents. Total collected.....	$967,618 11

It will be observed that 8¾ cents of this tax is levied for the exclusive benefit of the four loans, namely, the bounty, Deaf and Dumb Asylum, hospital and treasury relief.

Article 3, section 34, of the Constitution, provides that "no debt shall be hereafter contracted by the General Assembly unless such debt shall be authorized by a law providing for the collection of an annual tax or taxes sufficient to pay the interest on such debt as it falls due; and also to discharge the principal thereof within fifteen years from the time of contracting the same; and the tax as laid for this purpose shall not be repealed or applied to any other object

until the said debt and interest thereon shall be fully discharged."

Therefore these taxes levied for these four loans cannot be repealed or applied to any other purpose until the debts are fully discharged, and as they are respectively discharged the tax for such debt should cease to exist. Any legislative repeal of any one of these taxes so laid before the payment of the debt, or a sufficient accumulation for its payment, is unconstitutional and void. The public creditor can resist it. The treasury officers are not bound by it, but will be obliged to observe the law creating the debt and imposing the tax under this constitutional provision. Consequently no relief from these taxes can be had until these debts are paid, or as respectively paid.

The public debt of the State at the end of the last fiscal year was $11,269,822.89, made up of the separate loans following:

5 per cent. sterling loan, interest payable in London, in gold, and due in 1889.....	$4,047,777 78
5 per cent. currency, due in 1890.....	340,554 88
3 per cent. currency, due in 1890.....	269,000 00
6 per cent. currency, due in 1885.....	528,355 00
6 per cent. currency, due in 1890.....	361,040 47
6 per cent. currency, Maryland State loan, for redemption and exchange of State sterling debt under Act of 1872, chapter 366.....	1,206,344 10
6 per cent. bounty loan, Act of 1868, chapter 235, due in 1883, and now substituted by a new loan of $3,000,000.....	3,326,750 66
6 per cent. Deaf and Dumb Asylum loan, Acts of 1870 and 1874, chapters 422 and 423, due part in 1885 and in 1889.....	225,000 00
Amount carried forward.....	$10,304,822 89

Amount brought forward		$10,304,822 89
6 per cent. Maryland Hospital loan, Acts of 1872 and 1876, chapters 236 and 263, due part in 1887 and in 1889	465,000 00	
6 per cent. treasury relief loan, Act of 1878, chapter 238, due in 1893	500,000 00	
Total debt September 30, 1883		$11,269,822 89

The defense or bounty loan of $3,326,750.66, contracted under the Act of 1868, chapter 235, to run for fifteen years, fell due in 1883. There was no accumulation of sinking fund securities during the time from the receipts of the tax of 5½ cents levied by the Act to meet this debt or any part of it when due. The Act of 1882, chapter 289, was accordingly passed, making provision for the redemption of it by the creation of a new loan of $3,000,000, to be called the "defense redemption loan," to run for fifteen years from the first day of January, 1884, at the interest rate of 3–65 per centum, and imposing a tax of 5½ cents to pay the interest semi-annually and the debt at maturity. The loan is taken up by exchange and sale. The odd balance of $326,750.66 is already or will be paid out of the balance in the treasury, thus diminishing the debt to that extent and reducing the annual payment of interest hereafter from $199,605.02, heretofore paid upon this loan, to $109,500—a difference of $90,105.02 annually.

The interest on the public debt for the last fiscal year was $646,165.16. For the present fiscal year, ending September 30, 1884, it will be $578,586.38, and annually thereafter, until reduction of debt, $556,060.14.

As already shown, there was a general balance in the treasury on the 30th September, 1883, of $982,183.52. In this there are sums that do not belong to the treasury proper, and should not be accounted in a general balance,

but do absolutely belong to the distinct and separate fund accounts to be kept from the direct tax of $8\frac{3}{4}$ cents laid for the four loans—the bounty, deaf and dumb asylum, hospital and treasury relief.

Each law creating these debts contained a provision, imposing a tax similar to the following one, except as to amount, taken from the bounty loan act: "That a special tax of $5\frac{1}{2}$ cents be and the same is hereby levied on every $100 worth of taxable property of the State, to meet the interest and create a sinking fund for the redemption of the bonds or certificates of debt herein directed to be issued, and the tax shall be annually levied, collected and paid over in the State treasury until the debt created by this Act shall have been paid, and a separate and distinct account shall be kept thereof, and the proceeds thereof are hereby pledged to the payment of the interest and the principal of the said bonds or certificates." These provisions are as plain as those in the Constitution; neither can be misunderstood, and it is to be regretted that they were not rigorously observed and executed.

The revenue collected from the tax of $5\frac{1}{2}$ cents for the bounty or defense loan of $3,326,750.66, from 1868 to the end of the last fiscal year (1883) was	$4,045,407 52
Interest paid for the same period was.....	2,954,547 50
This sum due the principal of the debt.....	$1,090,860 02

which amount should be found invested, together with the increment during the time. There never was a dollar of this sum invested in sinking fund securities to the credit of this loan, and it covers by over $100,000 the whole balance in the treasury.

The negotiation and application of this new loan of $3,000,000, to the redemption of the old loan and the pay-

ment of the $326,750.66 out of the treasury, relieves the treasury from any further accountability to it.

The revenue collected from the tax of three-fourths of a cent for the Deaf and Dumb Asylum Loan of $225,000 from 1870 to the end of the last fiscal year, inclusive, was....	$371,739 31
Interest paid on same, for same period.....	142,597 50
This sum due the principal of the debt.....	$229,141 81

There is not any of this sum invested in sinking-fund securities to the credit of this loan to meet it when due in 1885 and 1889. It will be observed that the receipts in the treasury now on the principal of the debt are more by over $4,000 than the debt itself, and had these receipts been invested to meet the debt, the tax would before this have ceased to exist.

The revenue collected from the tax or one cent for the Maryland Hospital loan of $465,000 from 1872 to the end of the last fiscal year, inclusive, was.....	$504,232 75
Interest paid in the same period was.....	276,997 36
This sum due principal of debt.....	$227,235 39

There is nothing of this invested in sinking-fund securities to the credit of the loan to meet it when due, $330,000 in 1887, and $135,000 in 1891. It is manifest that had the revenue as received been invested, and the annual increment, it would be sufficient to pay the whole debt long before maturity.

The revenue collected from the tax of one and a-half cents for the Treasury Relief Loan of $500,000 from 1878 to the end of the last fiscal year, inclusive, was.....	$397,822 23
Interest paid in the same period.....	157,875 00
This sum due principal of debt.....	$239,947 23

It is gratifying to observe that up to the end of the last fiscal year there was invested in sinking fund securities, to the credit of this loan, the sum of $220,703.34; there was also the sum of $13,174.02 in cash to the credit of the loan in this fund, ready for investment, making in the aggregate the sum of $233,877.36 accumulated in the sinking fund for its payment when due, and being within $6,000, in round numbers, of the entire amount due the principal of the debt from the revenues received from the tax laid for its payment. Of this sum, $171,982.51 was transferred in 1882 from the treasury proper to the credit of the sinking fund for this debt. This loan is the first that has had a practical application of the debt-paying requirements of the Constitution, and of the laws creating debts under it, and we trust that, in respect to the other three loans, a similar application will hereafter be made.

This debt is due in 1893. Having in the period of five years accumulated in the sinking fund within a fraction of one-half of the debt, there can be no question but, with the annual accretions upon the investments in the sinking fund and their reinvestments, together with the annual revenues derived from the tax for its payment, and their investment as received, that in less than five years more there will be a sufficient accumulation to pay the entire debt, and thus end this tax.

It thus appears that there was due from the treasury proper to these four general loans the sum of $1,553.307.09 for receipts received from the special taxes laid for their exclusive use. There is but $191,190.48 in the sinking fund to the general account, and the surplus in the treasury to meet it, and if both could be applied to these loans there would still be left a balance of $379,933.09 due them from the treasury proper.

All this large sum of money was wrongfully taken for other purposes and illegally expended upon other objects;

in fact supplied the means for the extravagances and abuses of the past. The laws creating the debts expressly directed that the revenues from the taxes laid by them should be applied to the debt, and the Constitution expressly forbid that they should be used for any other purpose, yet neither was observed.

Had they been regarded at all there could not be that general balance in the treasury that is made to appear at the end of the last fiscal year. That general balance does not belong to the treasury proper. It should be to-day to the credit of the sinking fund and invested in securities for the payment of these debts as they become due. Strictly none of the revenues from these loan taxes should ever be carried into any general balance or accounted for as a balance in the treasury, but as directed, to be a distinct and separate fund never to be touched for any purpose whatever but that of the payment of the interest and the debt itself.

Embraced in this general balance are the proceeds from the internal improvement companies. The Constitution is equally specific as to their application. Article 3, section 34, provides that the General Assembly "shall not use or appropriate the proceeds of the internal improvement companies or the State tax now levied, or which may hereafter be levied to pay off the public debt to any other purpose until the interest and debt are fully paid, or the sinking fund shall be equal to the amount of the outstanding debt."

The receipts from these companies for the last fiscal year were $261,552.99.

The tax of 10 cents on the $100 levied for the exclusive use of the public schools, of course, ought not to be touched for any other purpose. The receipts from it for the last fiscal year were $516,004.79. They should be sacredly applied to their prescribed paramount objects.

The total receipts into the treasury for the fiscal year 1882 were	$1,924,481 47	
Deduct the receipts received from the loan and school taxes and internal improvement companies, amounting to	1,123,944 12	
Total ordinary and miscellaneous receipts		$800,537 35
The total disbursements for the same year were	$2,038,173 13	
Deduct disbursements for the interest paid from the loan taxes, also for the interest paid by receipts from internal improvement companies, also for the public schools and for the amount carried to the sinking fund, amounting altogether to	1,203,919 81	
Total ordinary and miscellaneous disbursements and for interest not provided for by the dedicated funds		$834,253 32

It will be observed that the disbursements for such purposes exceed the receipts by the sum of $34,715.97, an absolute deficit in the treasnry for that year, assuming that the loan and school taxes and internal improvement revenues are applied as dedicated by the constitution and laws. But it must be remembered that this was the legislative year, which, of course, entailed a larger expenditure not borne by the off year, both in appropriations to different objects and in the expenses attendant upon the session. These expenses were in themselves, embracing printing and indexing, $132,696.77.

It is obvious that with circumspection in appropriations and further economy in these expenses and other expenditures there can be no such deficit after this year; upon the contrary, there should be a satisfactory balance.

The total receipts into the treasury for the fiscal year 1883 were	$2,097,376 88	
Deduct receipts received from loan and school taxes and internal improvement companies.	1,229,171 10	
Total ordinary and miscellaneous receipts		$868,205 78
The total disbursements for this year were	$1,753,699 99	
Deduct disbursements for interest paid from the loan taxes; also for the interest paid by receipts from internal improvement companies; also for the public schools, amounting altogether to	1,001,052 13	
Total ordinary and miscellaneous disbursements and for balance of interest not provided for by the dedicated funds		$752,647 86

It is thus shown that for the last fiscal year the ordinary receipts were in excess of like disbursements to the amount of $115,557.92, being sufficient at even the present average rate of expenditure to cover any deficit for the legislative year, with its unavoidably larger expenses.

This exposition of the capacity of our ordinary receipts to more than meet a like expenditure without any recourse to the dedicated revenues from the direct tax and from the internal improvement companies, presents an encouraging future.

It should make certain the future application of the loan taxes to their specific debts, and the proceeds of internal improvement companies to the other general debts, and thus put us on the certain and easy road to the assured extinction of all.

It must be remembered, too, that there were some extraordinary expenditures made for this year not likely to occur for some years. The new registration of voters is among

these expenditures, taking $44,064.80; also, the repairs to the S ate House and improvement of State House grounds $14,556.48, making together $58,621.28. The registration is done, and the repairs and improvements completed, and cease as a charge upon the treasury.

And here I cannot too strongly impress the importance of making by all prudent and expedient economy this balance as large as can be, so that it will not only protect against every possible deficit that might occur in any year, from any cause, but accumulate for sinking fund investments to meet the general debt not protected by special taxes laid for its payment.

The sterling debt of $4,047,777.78, bearing five per cent. interest, payable in gold in London, falls due in 1889—five years hence. There is but $191,190.48 now in the sinking fund applicable to this and the other indebtedness not protected by direct taxes, and a sufficient amount cannot, in the meantime, be accumulated to pay it.

By the Act of 1872, chaptar 366, the Maryland State loan, not to exceed six millions of dollars, bearing an interest of six per centum per annum, was created to exchange or redeem this sterling and other debts. The Governor, Comptroller and Treasurer—or the majority—had charge of the loan. Under its provisions a loan of $1,206,344.10 has been created up to the end of the last fiscal year.

During the last fiscal year an exchange from sterling debt into this loan was made, increasing it over the preceding year $9,680. I can perceive no reason for the continuance of this act or of any exchange or redemption under it. It is not the time for the State to be exchanging six per cent. for five per cent. securities, and there should be no law in existence authorizing it to be done. True, there is a charge for exchange and commissions in the payment of the interest in

London, averaging, perhaps, a-half per cent., but limiting still the rate to 5½ per cent.

The highest probabilities are that any State loan that may be authorized to redeem the sterling debt, as also the Maryland State loan, the bonds or stock of which it appears were issued when exchanged to run until the maturing of the original loan, can be negotiated at a rate of interest not to exceed four per centum, and at four per cent., at a premium. Why not continue to pay 5½ per cent. upon the sterling debt until due instead of six per cent., if exchanged as authorized by this act? I respectfully suggest a repeal of it.

It is seen from the detailed debt statement as given, that the 6 per cent. currency loan of $528,355, authorized by the Act of 1870, chapter 275, falls due in 1885—one year hence. The question of its payment should be considered. There is the $191,190.48 in the sinking fund to general account, and which is legitimately applicable to the payment of this debt. All of it is invested in our own State securities; $55,250 of it in the defense or bounty loan which is now to be paid, and, therefore, at once available for this debt; the balance to be made available for the purpose would be obliged to be sold.

But besides this, there is now owing from the Philadelphia and Reading Railroad Company, for interest due on mortgage of the Susquehanna and Tidewater Canal, the sum of about $354,000, which ought to be paid without any further delay, or put into assets that could be applied to this debt without loss, and which would go far towards its extinguishment. This is of the "proceeds from internal improvement companies," and cannot be applied to other than debt purposes, and is most opportune for this one. With the observance of a prudent economy in expenditure and appropriations, there will be a sufficient balance from ordinary receipts into the treasury to extinguish whatever balance of the debt may remain.

There is a 3 per cent. currency loan of $269,000 falling due in 1890, six years hence. As it is hardly to be expected that a negotiation of it could be made at a lower or even the same rate of interest, there should be accumulations in sinking fund securities to pay it when due, together with the two 5 per cent. currency loans of $340,554.88 and of $361,040.47, also falling due in 1890. The debt of $366,000, owing by the Baltimore and Ohio Railroad Company to the State in the adjustment of accounts, &c., between them, falls due in 1888, and could accordingly be applied to the payment of these debts. There is no doubt but that, with efficient economy and a practical management of sinking fund investments, all these debts can be paid at maturity without an additional dollar of taxation, and without touching one dollar of our permanent productive assets, or creating a dollar of new indebtedness to redeem them.

The bounty or defense loan debt will hereafter be $3,000,000, to run for fifteen years from the first day of January, 1884, and bearing an annual interest of $109,500.00. The tax levied to pay this interest and debt at maturity is 5½ cents on the $100 of assessable property. The taxable basis of the State, according to the report of the Tax Commissioner made to the General Assembly at the session of 1882, was $501,939,468.19—and assuming it to be the same now and to continue the same, this tax should yield annually..... $276,066 70

Deduct the interest..... 109,500 00

Amount to go annually to payment of debt... $166,566 70

This for fifteen years would yield $2,498,500.00. But if the annual revenues from this tax, over and above the amount required to pay the interest, be invested in safe interest-bearing securities and the increment be invested annually with the increasing revenue accruing to the sink-

ing fund, it must be manifest that before maturity there will be a fund accumulated sufficient to discharge the debt and the tax with it. It is only required to observe strictly the plain provisions of the law to secure certainly the evident object of the constitution—to wit, the certain and absolute payment of the debt in the time prescribed—and it is to be expected that every requirement of the law creating this new loan will be faithfully executed.

In respect to the Deaf and Dumb Asylum loan of $225,000, of which $100,000 is due in 1885 and $125,000 in 1889, and to which there is now due from the treasury proper the sum of $229,141.81, a sum more than sufficient to pay the debt at once if due, it would be altogether right for the General Assembly to direct that the amount necessary to pay this debt be carried from the treasury proper to the credit of the sinking fund, to be invested in such securities as may be directed to meet the debt as it matures, and that the tax laid to pay the interest and debt thereupon cease.

And in respect to the Maryland Hospital loan of $465,000, falling due $330,000 in 1887 and $135,000 in 1891, and to which there is now due from the treasury proper the sum of $227,235.39, a sum altogether, with what may accrue in the three years, when the first instalment matures, more than sufficient to pay it. It is also right to direct that this amount be carried from the treasury proper to the credit of the sinking fund, to be invested for the payment of the debt as the balances in the treasury may justify, and doing all this would still leave a balance of $199,055.66 in the treasury, besides paying the balance of the defense loan not funded.

The public debt, it may be said, is now $10,943,072.23. Of this, $4,190,000 is protected by special direct taxes, leaving a balance of $6,753,072.23, the interest upon which is to

be otherwise provided for, as also the payment of the debt as it matures.

The productive assets of the State in internal improvement companies at the end of the last fiscal year (1883) are as follows:

Stock Baltimore and Ohio Railroad Company,	$968,615 70
Stock in Washington Branch	550,000 00
Stock Baltimore and Frederick Turnpike Company	11,000 00
Bonds Baltimore and Ohio Railroad Company	366,000 00
Bonds Northern Central Railroad Company, (mortgage)	1,500,000 00
Total	$3,395,615 70

In addition to this there was a partial payment ($36,000) made during the last year on the mortgage of the Susquehanna and Tidewater Canal paid by the Philadelphia and Reading Railroad Company, and which if paid in full and regularly, as it is now anticipated will be done in the future, would add another $1,000,000 to the productive assets in internal improvement companies.

The receipts from these companies for the last fiscal year were $261,552.99, and, as proceeds from such companies, they are applicable only to the payment of the public debt and the interest.

The total interest paid upon the public debt the last fiscal year was	$674,601 99
Deduct for interest derived from the special direct tax	271,005 02
Total	$403,596 97

Amount brought forward	$403,596 97
Also deduct this sum received from internal improvement companies—dividends and interest	261,552 99
Balance of interest paid from ordinary receipts	$142,043 98
Ordinary receipts for last fiscal year	$868,205 78
Ordinary disbursements, exclusive of interest for the year	610,603 88
	$257,601 90
Deduct aforesaid balance of interest	142,043 98
Balance	$115,557 92

This balance of ordinary receipts over ordinary expenditures is, it must be remembered, for a non-legislative year. Assuming that the receipts and expenditures will in all other respects be the same for the present as for the last fiscal year, there must still be added to the expenditure for the present year the legislative and printing expenses. The legislative expenses for the session of 1882 were $105,846.77, and the printing for this session is fixed by a competitive bid at $12,440, making in the aggregate, the sum of $118,286.77.

If the legislative expenses be no greater this session, still it will be perceived that any surplus from ordinary receipts would be consumed. A comparison, however, with the non-legislative year of 1881 presents a favorable contrast for that of 1883. After the application of the revenues, as done here, there was but a surplus of $2,089.56 of ordinary receipts over ordinary expenditures for the year 1881, showing some improvements for the last year, but not by any means as great as can or should be.

It will be observed that the public schools got but $468,970.17 for the last fiscal year, when the tax for their benefit

yielded $516,004.76. The difference of $49,034.62 is in the general balance in the treasury, and goes to make up this surplus. At the same time it will also be observed that there was paid for interest on public debt the sum of $674,601.99, whilst for the year preceding there was but $620,233.34 paid, the payments being irregular, and here is a difference of $54,368.65, more than an equivalent for the difference in the school payments. The regular annual interest on the public debt was $646,165.16, or within a fraction, depending upon fluctuations in exchange in the payment of the sterling debt interest in London.

Having these results clearly established, the important question presents itself whether your honorable bodies will not, with that circumspect and practical management the exigency requires, not only seek to reduce the legislative expenses of the session, but in making the various and numerous appropriations to different objects and for different purposes, that there be a rigid scrutiny into all and a most thorough investigation into their necessity or propriety. It is manifest that to obtain balances in the treasury commensurate with the ordinary necessities of the State and to provide means for the ultimate payment of that portion of the debt not protected by direct taxation, there must be radical retrenchment, or there must be a resort to additional taxation or to the sale of our investments in our internal improvements—neither of which is either desirable or expedient or is necessary to be done for these purposes, as I shall presently show.

This view of the condition of our financial affairs is based entirely upon the assumption that the dedicated or appropriated special direct taxes for the schools and the four loans named shall not be touched or applied or used for any other purpose or object whatever, but to be exclusively used for the purposes as prescribed by the Constitution and the laws imposing these taxes.

It is not a folly only but a crime to be trifling with the organic law that gives to the State power and to the people order, security and regulated liberty. It is not safe or right for a people to set up over it a higher law of fictitious or real necessities, and much less of imagined conveniences. If there was one subject that did obtain the thoughtful consideration of the framers of our Constitution, it was that of the debt-paying obligation of the State, and careful and plain, considerate and wise provisions were made to secure its certain payment within the reasonable period of a-half generation, and it should be our highest duty to respect them, and our best efforts should be directed to carry them out both in letter and in spirit, not only because it is required of us as patriotic citizens, but because in addition to our high obligation to respect and obey the supreme law, we have the certain fact that it will be to our interest as a people to do so.

Our sinking-fund system was born with our debt. It is the available and sensible system to pay it. It is the easy and sensible method of saving and accumulating year by year to meet it when due—there is no difference between the State and the individual in business economy. Any thrifty man engaging in enterprises who is obliged to make a loan to conduct them will see to accumulations in the meantime to pay it at maturity, and instead of allowing his yearly savings and accretions to be non-productive, he will invest them at interest, and thus, during part of the period, have interest-bearing securities to offset his interest-bearing obligations.

A renewal of an obligation to pay a debt is not the payment of the debt. The Constitution, when it prescribes the imposition of a tax to pay the debt means payment in fact, and not a renewal of it by a new loan. It rejects any meaning that would give a new obligation for the old one as a

payment, thus making the debt perpetual, and spend the money raised by taxation to pay it upon other and forbidden things. No such absurd conclusions were ever contemplated by the wise men who made it.

In the beginning of our internal improvement debt we had no such constitutional provisions as afterwards obtained. But the men who then lived recognized the importance of a day of certain payment, and as naturally, therefore, established the sinking fund system to accomplish it, and with the most encouraging results. Up to a certain period it was supported with fidelity and managed with business aptitude that gave the promise of certainty to the extinguishment of the debt, and we had the repeated declarations of Comptrollers, in official reports, that at no remote day the obligations of the State would be discharged and the people made free from taxation.

Assaults, both practical and theoretical, have been made in late years upon the system. By the end of the fiscal year 1863 there had accumulated in the sinking fund the sum of $5,664,168.55, which commanding an annual interest of $250,000, was an annual addition or increment to the fund, and annually increasing by the sinking fund process of investment and reinvestment of all sums carried to its credit. In the year 1864, securities were cancelled destroying more than three-fourths of the whole fund and leaving but a balance of $1,128,122.30 in it. The balance thus left increased to the sum of $1,858,737.50 in 1872, when all the securities were cancelled or sold and the entire fund destroyed. Upon this fund there was an annual interest of about $95,000 as an increment to it.

The practical reason for all this is obvious. It cut loose at these periods these large sums of money, which the treasury officers before were obliged to carry to the sinking fund account, and left them in the treasury, subject to any general expenditure.

The Act of 1872, chapter 276, in providing for this destruction of the fund, also provided that $100,000 annually, on the first day of July, of that and of each succeeding year, be "set apart to the credit of the sinking fund" to be invested in our own State securities, and made the appropriation accordingly from the treasury, and it is to be reasonably assumed that this was intended as a substitution for the $95,000 cut loose from the fund. If this had been done there would be on the first day of January, 1884, the sum of $1,200,000 in the sinking fund to general account, together with the successive annual increment upon the same. There was to this general account on the 30th day of September, 1883, only the sum of $191,190.48.

Under existing law there has been in some years difficulty in making investments for the sinking fund, and which would afford at times an excuse for not doing it. The Act of 1872 referred to, required this $100,000 annually, and any surplus in the treasury besides, to be invested in our own State securities at par or less, giving preference to overdue indebtedness, and if such could not be had, then in such not due at the best offered rates. Our securities were at the old and larger rates of interest, and the great diminution in the rates of interest in late years for public securities caused our own to disappear or only to be obtained at high rates of premium, and at times very high. This limitation upon the investing power of the treasury officers deprived them of the opportunity of a competing market where other safe securities could be obtained upon more favorable terms.

It will be observed that this act makes no reference to the direct taxes laid for the protection of the special debts and required to be kept apart from any other for the exclusive benefit of each. In none of the old acts creating these debts and in laying taxes for them is there any direction in what securities the moneys raised from them in excess of

the interest are to be invested, leaving the question, it would appear, to the discretion of the treasury officers. However, in the late Act of 1882 creating the redemption loan of $3,000,000, it is specifically directed that the investments of this excess shall be made in our own State, Baltimore city and United States securities.

In view of the very indefinite and faulty legislation upon the subject, I would most respectfully recommend the repeal of the Act of 1872, and any other general law having reference to this matter. In the stead enact a system covering the whole subject, prescribing the duties of the treasury officers in respect to it and the character of the investments, and when and how to be made.

As among them, I would most respectfully recommend that the treasury officers be absolutely required to keep separate and distinct accounts of the moneys received from the loan taxes; that these moneys themselves be kept separate and distinct, and never to go into or be accounted in any general balance of the treasury, and that the account of each shall always show what has been paid out, and for what; and what has been and how invested, and of any balance on hand, and not this balance nor any part of this fund ever, at any time, to be touched for any other than its designated, constitutional and legal purposes. Also, that these revenues received from these taxes in excess of the interest upon the several debts for which they are laid be invested as they are received in sufficient sums respectively, and at once carried to the credit of the sinking fund for the special debt for the payment of which the investment is so made.

Also, that whenever there shall be a surplus of ordinary receipts in the treasury over and above the amount necessary to pay ordinary expenses, the treasury officers shall invest a reasonable amount to be carried to the credit of the sinking fund for general account for the payment of the debt not protected by the direct tax.

Also, that all the increment of these investments as received, annually or biennially, be at once invested on their several accounts.

Also, that such investments be made in our own State, in Baltimore city, or in United States securities at the best attainable market rates. And I would submit, further, for the purpose of enlarging still more the power of investment, that, with the concurrence of the treasury officers and the Governor, investments be made in other State securities.

Also, that the treasury officers be required to keep a separate and distinct account of the revenues of our internal improvement companies, and that the sums so received be kept separate and distinct, and not to be carried into any general balance of the treasury, or to be accounted of the ordinary receipts into the treasury, but to be so kept and applied to the payment of interest upon the public debt not protected by the direct tax, and never to be touched for any other purpose but for that and the debt itself, only until paid.

Also, that whenever there is a sufficient amount invested to pay the debt, for which the tax was laid, and the interest to its maturity, that such tax, under the direction of the comptroller, shall cease.

The importance of having full and precise legislation, detailing the duties of the treasury officers in all these respects, and in enforcing what is so specifically prescribed by the Constitution, and in establishing the sinking fund system upon a certain and intelligent basis that cannot be either evaded or misunderstood, should, with the experience we have had, be unquestioned. In doing this we should be able to escape many troubles. There could then be no surplus in the treasury to tempt cupidity, inspire schemes or provoke bad legislation of any kind to get it. The revenues accruing being at once put to their appropriate and fixed uses,

there could be no real or apparent plethoric balances either to delude or attract. Besides the revenues being thus protected by the Constitution and the laws, and by the treasury officers in faithfully carrying out both, there can be no unappropriated or unneeded revenues in the treasury to be reached for jobs or immaterial or wrongful objects. Being restricted to the ordinary receipts of the treasury to carry on the ordinary concerns of the State, economy of the strictest character must be practiced to make them meet and prevent a deficiency that would require a loan and a tax, or a tax itself, to make it good, and which, if incurred by excessive, extravagant, unnecessary or wrongful expenditures, would at once arouse a public sentiment that would stop a repetition. Such a system, once thoroughly established and rigidly practiced, would inevitably secure both administrative and legislative thrift. It is time that we should be free from debt; it is time that the prophecies made long years ago, and often since repeated, of the early extinction of the debt, should be fulfilled, and with the means already provided, the definite and fixed policy should be inaugurated that will fulfill them.

In view of the establishment of this politic, correct and exact system, the most important questions of prudent and expedient action in legislation and administration, and of economy in expenditure at once present themselves for thoughtful consideration.

I have been elaborate, particular and tedious, and have made myself perhaps the subject of a just criticism for recapitulating many suggestions and views heretofore submitted and urged. My justification is that nothing is said in the spirit of contention or to contrast opposing views or antagonize contrary opinions, but moved alone in everything by earnest convictions of what is a sound, rational and wise policy. The happy financial condition of a State

should be one of the first objects of those having charge of public concerns. Among the great evils afflicting a people are oppressive, unjust or unequal taxation, a bankrupt treasury, and next to it—probably before it—a plethoric one, misspent revenues, disordered finances, and a false or fluctuating currency or medium of exchange.

In presenting the necessity of retrenchment, it is altogether proper that I should refer in detail to some of the subjects for it.

First, then, of importance, is that of abolishing useless offices. Here two good objects are accomplished—a saving to the treasury and the diminution of patronage—the reduction of places that inspire office-hunting and circumscribing the power that would use them for selfish purposes.

In this connection I beg leave to direct your attention to the legislative expenses of a session.

At the session of 1880 there were 105 officers and employes of both houses at a charge of $59,194.25, and the total expenses for the session were $133,070.49. This caused great discontent. At the last session (1882) there were 61 officers and employes at a charge of $35,872, and the total legislative expenses were $105,846.77—a material improvement. And I respectfully submit that a scrutiny into the employments of the last session will show that a great improvement may still be made.

There is no law in existence prescribing the number of such officers and employes and fixing their compensation. An Act was passed in 1870, chapter 411, which provided for 29 regular officers, &c., at a charge of $14,540, with authority to the presiding officers of both houses to appoint temporary officers when the necessities of the service required. This act was repealed at the following session. A bill was matured by a committee and presented at the session of 1880, fixing the number at 39, and at the aggregate com-

pensation of $17,330; that this number would be sufficient with occasional temporary employment toward the close of the session as the service should require is altogether probable.

I regard it as important for many reasons that a bill of the kind should be passed. In such bill care should be taken in fixing the compensation that no double or additional or extra allowances be made, and that the payment of any be expressly forbidden, so that no separate order of either house could have any legal effect to secure any such payment.

The Constitution, article 3, section 35, forbids extra compensation for services, and it should be observed both in spirit and in letter.

Heretofore it was customary to make the appropriation for legislative expenses in bulk or in gross, without designating in detail the application of it. Each house applied this fund upon their respective and separate orders, and hence the abuses and wrongs of which there has be so much just complaint, and done, too, as I hold, against the provisions of the Constitution, article 3, section 32, which requires that in every appropriation by law such law shall distinctly specify "the sum appropriated, and the object to which it shall be applied."

Although there is no existing law upon the subject, as I have said, the last General Assemby adopted the mode of making appropriations, as here suggested, for this service. It will be seen by reference to the general Appropriation Act of 1882, chapter 459, making provision for the support of the government for the fiscal year ending the 30th of September, 1884, that for the first time for years the appropriations are specific and the objects designated in detail. The compensation of the officers and employees of the houses for the present session is fixed by the appropriation

made for every officer and employee; the offices and places to be filled are named and the number fixed. There being no money appropriated in bulk for the use of either or both houses, there is no fund to be drawn upon by either the separate or joint orders of the houses, but anything to be paid beside for any service in either house must go through the forms of law and become law. By this act appropriations are made to pay forty-one officers and employees for both houses—seventeen for the Senate and twenty-four for the House—and at an aggregate charge of $20,565. This General Assembly, whilst not establishing a permanent system of fixed employment and compensation, came very nearly to the number and the aggregate compensation recommended by the committee at the session of 1880. This is an improvement upon former custom, and what is thus temporarily established it is to be hoped will be developed into a perfect permanent system under the forms of law. If the houses should limit themselves to the number and compensation of officers and employees for which appropriations are made, there will be a reduction of expenses in this respect of $15,307 over those of the session of 1882.

At the session of 1880 an additional compensation of $150 was paid to a number of members of both houses for services as members of an engrossing committee, and an extra compensation of $50 each to a number of regular clerks for service on this committee. At the last session this additional compensation to members was reduced to $50, the clerks receiving the same. This was wrong, and the appropriations for the present session make no provision for any such payments, nor is there any for any newspaper correspondents; and therefore if there are to be any payments to such objects, there must be an appropriation for them in the regular forms of law.

The legislative printing which cost for repeated sessions before $38,000, and last session $25,800, under the com-

petitive system established by the Act of 1882, chapter 261, is to cost but $12,440, by the bid and contract of a responsible printer.

As a matter having relation to legislative expenses, I beg leave to refer to the newspaper publication of the laws—a subject of some, at times, heated, and, is I apprehended, mistaken controversy. This publication first began under the Act of 1865, chapter 31, and made more active and definite under the Act of 1868, chapter 67. It had become the custom under these Acts for the Comptroller to allow as compensation for such publication the sum of $1,200 to the county newspaper and some $5,000 to the city newspapers, the average aggregate cost of each session, in round numbers, being $33,000. For the session of 1880 the sum of $33,150 was paid to newspapers for such publication, and as there were but thirty-five such laws to be published, this was at the rate of nearly $1,000 for each law, long and short, so published.

At the last session, 1882, an Act of that year, chapter 251, was passed, still further regulating the system of publication, and limiting the payment for it so as not to exceed $600 for a county and $1,800 for the city, and providing further, that "every public general law which is made to take effect before the first day of June next after the session at which it may be passed, which the Governor and Attorney-General shall direct," shall be published at the expense of the State, &c. Discretion was accordingly vested in the Governor and Attorney-General to direct the newspaper publication of any such public general law as it might be considered necessary or proper, and a concurrence in this discretion was to be had before any publication could be made.

The Constitution, article 3, section 31, provides that "no law passed by the General Assembly shall take effect until

the first day of June next after the session at which it was passed, unless it be otherwise directed."

The law for the newspaper publication provides only for the general public laws ordered to take effect before the first day of June; all the other laws remain to be published in the usual official authentic book form. This constitutional provision is both wise and just, and should be strictly followed, unless there be an imperious necessity for a departure; and if followed under such conditions, there would be seldom an occasion found requiring a departure. Since the Acts of 1864 and 1868, it has became a common practice to order laws to take effect before the first day of June, and I venture to say that, upon examination, it will be found that in almost all cases it was done without any public necessity or apparent utility; at all events, not any more than would apply to any other law to take effect on the first day of June, the whole thing justifying the inference that it was done simply for the sake of the publication itself.

Under the discretion vested in the Governor and Attorney General, for myself I examined the laws ordered to take effect before the first day of June, and came to the conclusion that there was no imperative occasion requiring the publication of any of them, and consequently declined for myself to direct the publication of any. As it was required to be the concurrent direction of both the Governor and Attorney General, therefore no publication was made of any, and I hold with no injury to the people, but with a very considerable saving to the treasury.

In this connection it may be proper to say that a number of the laws ordered to take effect before the first day of June were not presented to me in the authenticated forms to be approved until after the adjournment of the session, and some, I think, but comparatively a short time before the first day of June, when all the laws were put on the same footing.

I recommend a repeal of the Acts of 1864, 1865 and 1882 upon this subject. It is a new, an expensive and a controverted system. And I suggest, in lieu of it, that whenever, in the passage of a general public Act, it should be deemed necessary that it should take effect before the first day of June, and that it was important to give it at once an official newspaper publication, so let the Act itself direct, and to be done under the supervision and direction of the Governor as to the extent and character of the publication, and the prices to be paid for it.

I repeat my recommendations that the office of tax commissioner be abolished. The charge upon the treasury for the last fiscal year for this office was $2,500 salary to the commissioner, $715.70 for his traveling expenses, and $1,200 for a clerk, making the aggregate $4,415.70. This office was created by the Act of 1878, chapter 178, and for the period since, the sum of $21,421.70 was paid out of the treasury to support it. The charge is unnecessary and the office is useless. The comptroller can attend to every duty required to be performed by this officer; he performed the general duties before this office was created, and can do it again. He has the facilities to attend to them; they are in the line of his duty, and, under the Constitution, belong to his office. His term is limited to two years; he is elected by the people, and, therefore, in short periods subject to popular scrutiny; whilst, upon the other hand, the tax commissioner is appointed for the term of four years, and until his successor is appointed and qualifies by that extraordinary appointing power—the Governor, comptroller and treasurer, or a majority—and responsible to no effective administrative power. By the Constitution, article 6, section 2, the comptroller has "the personal superintendence of the fiscal affairs of the State," and his office is always subject to the supervision of the Governor, with the power of removal;

whilst under the Act creating this office for the assessment of the stock of incorporations, &c., "the tax commissioner shall have all the powers and perform all the duties in reference thereto which have heretofore devolved by law upon the comptroller," without the right of any supervision by the comptroller or the Governor, and thus taking from the charge of the comptroller, and thereby from the supervision of the Governer, all the corporate property of the State, which in itself unites so much influence and power.

The results of the operations of the office do not commend it to public favor. The receipts into the treasury from incorporated institutions for the last fiscal year were $63,-807.07. For the fiscal year ended the 30th September, 1877—the year before the creation of this office—the receipts from these institutions were $73.322.51—within a fraction of $10,000 more then than now. But more—the office had the advantage last year of the tax laid for the treasury relief loan, which produced $5,104.99, and which did not exist in 1877, thus making a difference in fact of some $15,000 in favor of the former over the latter year. For the fiscal year 1876, the receipts were even greater than those for 1877. The office should be abolished and the duties remitted to where they most appropriately and rightfully belong—the Comptroller's office.

And so also with the office of Insurance Commissioner, created at the same time, (1878, chapter 106,) for the same term of four years, and the commisssoner made by the same appointing board. The duties of the office were performed before by the Comptroller, and can and should be again.

Also, I renew the recommendation heretofore made, that the offices of Weighers of Grain be abolished. The State gets nothing from the service, and it is occasionally a charge upon the treasury; and so notably in the last year, when, by an appropriation, the sum of $5,525 was paid out of the

treasury to this service. The receipts into the treasury for the last fiscal year were $3,576.53, and this amount was paid out to the weighers. There is one Weigher General and a number of assistants. They get what they make, and the return to the treasury is a mere matter of form, and an unnecessary trouble to the department in keeping the accounts.

It is evident, I think, that this service should cease to exist.

So also with the weighers of hay. There are four, and the net receipts from all for the last fiscal year were $1,335.38—an improvement, true, over past years, but nothing to override the considerations that should control in abolishing all such offices or establishments. The treasury can lose nothing, as the lease of the scales will bring as much, if not more than what is now received from them under the present system—or their sale, probably, would be the better policy.

The land office has become a heavy charge upon the treasury. The expenditures for it for the last fiscal year were $6,868.42, and the receipts from it but $1,496.17—an excess of expenditures of $5,372.25. The charge upon the treasury for this office from the year 1874 to the end of the last fiscal year was $44,727.00 over and above all receipts from it—an average of nearly five thousand dollars a year.

This expenditure is so excessive and so exceptional that a special reference to it will not be out of place. This officer was elective under the Constitution of 1851, with an annual salary of $200 and the fees of office. The present Constitution vested the appointment in the Governor, made the term four years and the salary $1,500, and to account for the fees. There is a clerk to the office with a salary of $1,200. The salaries for the last fiscal year amounted to $2,700; it has not been less than this at any time during this period, and at times more.

It appears that by the Act of 1870, chapter 215, the commissioner of this office was authorized to bind, transcribe, index and preserve such records in the office as in his judgment it was deemed necessary to be done. Under this Act the charge for this for the three years 1871, 1872 and 1873, amounted to $2,053.86—an annual average of $684.62. For the same time the receipts into the treasury were $6,032.24, showing an excess of receipts of nearly $4,000, thus paying the entire expense of the office. By the Act of 1874, chapter 66, the Clerk of the Court of Appeals was directed to remove all books containing deeds, &c., and other land-record books and papers and extracts of deeds, to the land office, and all the same were put in the custody of the commissioner of this office, who was to give copies and extracts and make searches, for which he was to charge the usual fees. He was to have bound in book form the extracts, and was to be paid out of the treasury for such binding, and nothing beside this was authorized to be paid out of the treasury. By the Act of 1876, chapter 257, this officer was empowered to continue the indexing of records and extracts so removed from the office of the Clerk of the Court of Appeals, and all to be thereafter removed from said office, for which the commissioner was to be paid out of the treasury the same rates allowed by law to the clerks of the Circuit Courts for similar services; and the Comptroller is directed to issue his warrant for the sum certified to be correct by the commissioner for the service. The point and force of this Act was soon made evident. Under the Act of 1874, and for the three years 1874, '75 and '76, the charge for indexing was $1,967.45—an annual average for these years of $659.15. At once, under this last Act of 1876, the charge ran up in 1877 to $3,938.17, and for the seven years from 1877 to the end of the last fiscal year, inclusive, the enormous charge of $27,395.95 for indexing and for books

was paid out of the treasury—an annual average of almost $4,000. The character of the charges in detail can be seen by reference to the report of the Comptroller, made under an order of the House of Delegates at the last session—House Journal of Proceedings, pages 310–11, &c.

I regard this expenditure a waste of public money. The office itself should be abolished as no longer necessary or useful. To do this a constitutional amendment is required. But these Acts of 1874 and 1876, authorizing this work to be done should be at once repealed, and the records, &c., put under the charge of the clerk of the Court of Appeals, as they were before removal, and if the office be abolished, the few remaining duties could be performed by the clerk of the Court of Appeals.

There was an expenditure of $15,900 during the last fiscal year for the support of the Fish Commission. This enterprise was begun in 1874. The Act of that year, chapter 150, made provision for the appointment of two commissioners—one from the Eastern and one from the Western Shore—with a salary to each of $1,500, and in addition to the salary the sum of $3,500 was appropriated for the work to be done in hatching fish, &c. Rather a remarkable establishment, having two commissioners at an aggregate salary of $3,000 to superintend and direct the expenditure of $3,500. The appropriation was increased to the present annual amount—$13,000. I have always doubted the necessity of this expenditure, and indeed of the entire service. Our standard marketable fish—the perch, rock, shad and herring—are, it may be said, of sufficient public concern to be entitled to receive the attention of the State in scientific propagation, if it should become necessary. Carp, trout and other fish of fancy or sport, or those alien to our waters, and especially of our internal waters, intended for private culture, amusement or exclusive interest, less than a general

public interest, should, I conceive, be the subjects of individual or private enterprise, and not at the expense of the State. The propagation and distribution of such fish at the public expense is not any more to be justified than the rearing and distribution of any rare or even common animals or birds. It is that with which the State ought not to be burthened. There should be some defined lines between the duty of the State and that of the citizen. If the service is to be continued, it should be confined to our standard marketable fish inhabiting our great waters. Doing this, there is no occasion for so large an expenditure nor for two commissioners. In addition, I beg leave to say that I most fully concur with the diligent, intelligent and capable commissioners in their earnest recommendations for effective legislation for protection in the spawning season, and to the young until of certain weight or size. I most respectfully refer you to their interesting report and to their specific recommendations upon the subject. If this be effectually done, there will be no occasion, in any way for this service.

A careful examination into the numerous appropriations and donations made to colleges, academies, &c., to benevolent and other personal and private institutions, will disclose opportunities for a prudent, wise and just economy. At the last session of the Legislature there were appropriations of $40,000 a year for each of the fiscal years 1883 and 1884 made to such institutions, some 28 in number, in the general appropriation bills for the support of the State government for the fiscal years 1883 and 1884, and not passed until a late period of the session, and only presented to the Governor for his approval after the adjournment. There was no opportunity given me to return the bill with my objections to any item in it, but the alternative was put to me, either to approve it, and thus allow all the items in the bills to be paid, or withhold my approval, and thus leave

the public service without any means for its support, or convene the General Assembly in extra session. I preferred the approval of the bills.

But during the session two independent bills of the kind were passed—one for the relief of the Baltimore Female College and the other for the relief of the Western Maryland College at Westminster—which presented the opportunity for the consideration to which they were entitled. Upon mature deliberation, I felt it to be my duty to withhold my approval from both. Not being presented to me until after the adjournment of the General Assembly for my approval, I could not, therefore, return them to that honorable body with my objections. By the Act of 1868, chapter 400, the donation of $2,200, before annually made to the Baltimore Female College, was increased to $2,500, and this sum was directed, on the warrant of the comptroller, to be annually paid on the first day of April, each and every year, to the president of the college—being in terms a permanent appropriation, and it has been annually paid since.

At the last session a bill was passed making to this institution an additional appropriation of $5,200, payable quarterly thereafter upon the warrant of the Comptroller, the first payment to be made on the 15th day of April, 1882. This would have made a permanent annual appropriation of $7,700. As stated, I declined to approve this bill. I regarded this appropriation as I regard all similar ones—as essentially wrong in principle and policy under our existing school system. It is a private institution, having no reference to the general public concerns. The appropriation is a discrimination between private schools—aiding one, as it may be, against another—a thing the State should not do as unjust in itself. It is no part of our public school system for which the people are so heavily taxed. The school itself has not sufficient merit to justify making it a *quasi* public

institution, and the treasury is not able to bear any longer such appropriations and discharge the constitutional and legal obligations now resting upon it without a resort to further direct taxation, and this the people will not and ought not to stand. I therefore most respectfully recommend that the Act of 1868, chapter 400, and all preceding Acts making appropriations to this institution, be repealed.

The Act of 1870, chapter 466, after making an appropriation of $2,180 to the Western Maryland College for the past years—1868 and 1869—further made an annual appropriation of $1,090 to be thereafter paid to this institution. The Act of 1878, chapter 239, directed the Treasurer to pay to this institution the sum of $2,600 for each of the years 1878 and 1879; and also, in addition, directed the Treasurer, upon the warrant of the Comptroller, to pay the further sum of $5,200 in quarterly payments—making this latter a permanent appropriation. By these laws this institution drew $8,890 annually from the State treasury. It will be noted that this appropriation of the $2,600 was a temporary donation, and only for the years 1878 and 1879; but by the Act of 1880, chapter 361, it was continued for the years 1880 and 1881.

At the session of 1882 a bill was passed renewing this appropriation for the years 1882 and 1883. This bill received full consideration, and the same general reasons impelled me to withhold my approval. I fail to see the justice or the policy of any such appropriations or of any such partial or personal legislation. If it is determined to be our educational policy to enter into the higher branches of popular instruction at the public expense, let it be provided for under the general system, and not by irregular or exceptional appropriations to establishments of the kind. I therefore not only recommend that no further aid be given, but that all the Acts making appropriations to this institution be repealed. The preamble to the bill passed for the

relief of the Baltimore Female College refers to the appropriations made to St. John's College and Washington College, in Kent county, and to the Western Maryland College, as precedents justifying the appropriations made by that bill. It would be wise to examine into the appropriations made to the two former, and if made for no more substantial reasons, the appropriations should be stopped for them, as for all others having no more merit for public support.

The tobacco inspections were for years a serious charge upon the treasury. For the fiscal year 1880 there was paid out of the treasury for salaries, insurance and ground rent, &c., $11,165.84 in excess of the receipts from them. For 1881 there was a like excess of $5,184.90. For 1882 there was a like excess, but only of $1,530.34. For the fiscal year ending the 30th September, 1883, we have the following:

Gross receipts for the year from inspections.....	$91,546 29
Disbursements in the warehouses.....	74,251 49
Net earnings for the year.....	$17,294 80

The sum of $15,772.28 of these earnings was paid into the treasury during the year. The payments out of the treasury during the year for salaries, insurance and ground rent, and not embraced in the disbursements as given, were $11,088.11, thus showing a net balance at the end of the year of $4,664.17 of receipts over all expenditures for or on account of the inspections, and relieving the treasury for the first time for years from this burthen, and bearing testimony to the efficiency of those in charge.

I renew my recommendation for the abolition of the compulsory inspection of tobacco, and for the general reasons given in previous communications to the General Assembly. There is no justification for it upon any well-considered or

rational system of advanced political economy. The contention upon the subject is now reduced to a single issue—whether the State should stand between the seller and buyer in the disposition of merchandise, and see to the weight or condition of the article. At the most this is only contended for in first hands; and how, when passing the first stages of barter, it goes on through the multiplied avenues of trade to final consumption, can it be conceived that the State, with its officers, should supervise the great mass of buyers and sellers? Such a system would convert the State into a camp of office-holders, and if not to be tolerated here, why in the first and more simple stages of trade? There was a time when State inspection of flour and other articles were defended by this same reasoning. They were abolished, and no one has ventured upon the return of the system. It now stands upon the brand or sample, and not upon the capacity of any State official to judge.

If, in abolishing the compulsory features of this inspection, it be thought advisable to continue the warehousing system until the trade adjusts itself to the altered condition of things, it can be done. And when it ceases to be an object of concern to the tobacco interest, the warehouses could be sold; and as there has been much controversy as to the ultimate disposition of this property, the proceeds could be invested for the benefit of the public schools for the five principal tobacco-growing counties, or the lease of them to be applied to the same purpose.

The oyster service continues unsatisfactory. For the fiscal year 1880 it was a serious charge upon the treasury, there being for that year an excess in expenditure over receipts of $22,601.63. For the fiscal year 1881, caused by more rigorous penal legislation, there was an excess in receipts over expenditures of $6,139.99. For the fiscal year 1882, there was an excess in receipts over expenditures of

$18,334.21, embracing in the expenditure $2,500 for a new sloop. For the fiscal year 1883 the receipts and expenditures are as follows:

Receipts from licenses, &c.		$48,841 64
From fines		6,906 98
Total receipts		$55,748 62
Expenditures for salaries, supplies, &c.	$31,614 13	
Purchase of new steamer	12,500 00	
		44,114 13
Excess of receipts over expenditures		$11,634 49

Were it not for the purchase of the new steamer, the receipts would have been $24,134.49 over the ordinary disbursements. With a thoroughly-organized and well-disciplined service, imparting efficiency to every part of it, the revenues from it would necessarily be large, even far beyond what could be reasonably anticipated from the imperfect laws regulating the service. There is great complaint in its management and of inefficiency in protecting or in enforcing the laws. The sailing vessels are inadequate to the service. There is not a question but that the general service is in a most deplorable condition. There is neither system, nor order, nor regulation in it. As soon as it became of sufficient consequence and developed opportunities for the selfish partisan, it was at once converted into a political and partisan mechanism, more thorough, perhaps, in its subordination to internecine political strifes and objects than any branch of the public service, and the certain results are witnessed in its present thorough demorilization.

The character of the management given by law to this service is a striking disclosure of the kind of influences that must have operated in producing it. There was no permanently established State police force until 1868. The oyster

service under the Code, and before and since, and up to 1869, had generally no other than the ordinary officers of the State to enforce the laws, as in the case of all other laws. The first special State service was under the Act of 1867, chapter 184, section 22, when the Comptroller was directed, as he might judge the interest of the State required, to charter a steamer for a period not exceeding ten days, and to commission either the commander or another person to cruise in any of the waters of the State, to examine the licenses of vessels engaged in the oyster catch, &c., &c.—a specially reasonable feature of having the service under the command of one person. During the period from 1865 to 1868, inclusive, there had been paid net into the treasury to the credit of the oyster fund $123,294.93. For the three years 1865, 1866 and 1867, there was paid into the treasury $99,370.82 to the credit of this fund, and at the cost to the State of only the sum of $80.85.

The Act of 1868, chapter 406, first inaugurated and established the present system of State police force. It provided for the purchase of a steamer and for two tenders, and for a board to be styled the State Oyster Police Force, to be constituted of the Governor, Treasurer, Comptroller, Superintendent of Labor and Agriculture, and the Clerk of the Court of Appeals fixed the number of officers and men and their compensation. The Act of 1870, chapter 364, continued the same board, and provided, among other things, for two sailing vessels. The Act of 1872, chapter 243, changed the board to that of the Governor, Treasurer, Comptroller, Commissioner of the Land Office and Clerk to the Court of Appeals, the Commissioner of the Land Office being substituted for the Superintendent of Labor, &c. The Act of 1874, chapter 181, continued the same board, and provided among other things for the addition of six sailing

vessels. By the Act of 1880, chapter 198, the board was changed to that of the Board of Public Works, consisting of the Governor, Comptroller and the Treasurer, and this is the existing management; so that under these laws there were five managers for this service until 1880, and since then three.

Under the old sytem, before there was a State police force, and for the four previous years, there was a net average annual revenue of $30,823.73 paid into the treasury to the credit of the oyster fund; and for the fifteen years since the net average annual revenue paid into the treasury was but $7,776.76—a decisive difference between the periods when there was no State police force and when having such force. The constitution of the management was in itself sufficient to destroy any service. There could be no efficient executive power, and there was none. In the numbers to consult, and in the division of responsibility, there could be no conclusive order or celerity in action. The whole management presented the apt opportunities for the intervention of a personal and selfish politics, and with two many attaching relations. I most earnestly recommend that in any changes that may be made in the service, the Governor will be vested with the whole and sole authority to command the service.

The General Assembly at the last session passed a resolution authorizing the Governor to appoint three citizens of the State to examine the condition of the oyster beds in the State, and report the same to the General Assembly, with such recommendations as would conduce to the protection of these important interests. Thereupon Prof. Brooks, of Johns Hopkins University, Capt. James I. Waddel, of Annapolis, and William Henry Legg, Esq., of Queen Anne's county, were appointed. There being no appropriation made for this service, I felt it to be my duty, in order that it

should not fail in the important objects in view, to supply the commission with immediate necessary means from the contingent fund of the Executive, and the Board of Public Works gave to it the use of the new steamer. Prof. Brooks and Capt. Waddel have united in a joint report to your honorable body, and Mr. Legg will make for himself a separate report, so that the whole subject will be fully presented. These reports will embody much interesting and important information, and submit suggestions that may result in the establishment of a thorough and an intelligent system. I most earnestly direct your attention to them. The value of this interest is almost incalculable to the State and to the whole people of the State. It is by no means a local interest, but one of great public concern. Differences of opinion will no doubt be developed in respect to the details of the measures, and perhaps to the measures themselves, that it may be considered necessary to adopt, but with the information obtained, and a fair, elevated and disinterested consideration of the subject, there should be no great trouble in formulating a comparatively good and serviceable system which will guard general and special interests and yield a large and certain revenue to the State.

Not having the opportunity to give to the information and recommendations of the commission that consideration to which they are entitled for just conclusions, and in connection with my deficient personal experience, I can only refer briefly to the general principles that should control in the establishment of a more perfect system. I would respectfully submit that there should be one general system, and all local and special legislation should be repealed; that the Governor should be at the head of the service, having the appointment of the chief commander and of the deputy commanders of vessels, and these to have the appointment of the officers and men under them respectively; that the

regular term of the commanders be for four years, and the term so arranged as to expire in the middle of the term of a Governor, when it might be more likely that he would not be as much importuned by friends for place, and less likely to make changes for their sake only; that these commanders be liable to suspension at any time for a prescribed period, and to be removed absolutely for cause; that certain arbitrary lines be drawn, definitely and distinctly defining the dredging and tonging grounds, and that dredging be forbidden elsewhere; that the dredging ground be divided into convenient and eligible districts; that dredging be so allowed in the districts that there shall be an entire alternative exemption from dredging in each for at least three years; that all oystering for any purpose be prohibited in all the grounds during a certain period in the year; that the sailing vessels be sold or given to the counties which may desire them for the performance of any local police duty as soon as it can be done with safety to the service, and their places supplied by steam vessels; that provision should be made for obtaining four steam vessels, to be under the immediate command of the chief commander, to perform general service wherever required; that in this service rules of promotion and for merit should be observed, and to every part of it should be applied the strictest rules of a civil-service reform; that the officers should be appointed because of their merit for that service, and not for their political opinions; that all interference by them or of any men in the service in primary meetings, nominating conventions and in elections, except to vote, should be absolutely prohibited; that to produce a revenue commensurate with the value of the interest and of the character of the service, in addition to licenses to dredgers and tongmen, that there be a tax upon the gallon, and bushel if in bulk, by a system of stamps and permits, to be sold under rules prescribed by the

Comptroller and clerks of courts, officers of the vessels and others thus designated; that transportation companies, or individuals engaged in transporting, shall not carry any packages of oysters, whether shucked or in the shell, without being duly stamped, and no vessels carrying them directly from the waters of the State without such packages being stamped, or if in bulk, the capacity of the vessel carrying, or the quantity on it has the legal permit; that all licenses, taxes and fines be paid into the treasury, but that one-half of such fines as may be recovered upon the information, arrest and conviction of violators of any of these laws by parties not in the service, should be paid to such parties. I recommend early action for the speedy regulation and protection of the oyster interest in the Potomac river, and all the coterminuous oyster grounds along the boundary between the States of Virginia and Maryland, and which has recently been defined and marked by the commissioners of these States, this latter involving more directly the escape of vessels violating the laws of either State into different jurisdictions.

An Act was passed at the session of 1880, chapter 36, regulating at length the taking of oysters in the Potomac river, to become effective upon the approval of the Act by the State of Virginia and the passage of a similar Act. This Act was too late for such action by the Legislature of Virginia at the session then being held, and nothing in respect to it has been since done. The concurring objects of the two States make cordial co-operation essential for the regulation and protection of the oyster interests in the river and in adjacent waters of the bay and sound, and it is important, therefore, that every measure be taken to consummate the desirable and necessary co-operative legislation.

The Act of 1874, chapter 200, first established a State Board of Health. The Act of 1880, chapter 438, repealed

this Act, and among other things re-established the board and provided an annual salary of $1,800 for the Secretary, payable monthly, and also for the payment annually of a sum not exceeding $1,200 for the necessary expenses of the board, to be paid on the certificate of the board and an audit by the Comptroller and treasurer. Under this Act about $9,500, in round numbers, have been paid up to the end of the last fiscal year for salary and other expenses. Also the Act appropriated the sum of $10,000 to be expended under the direction of the Governer and the board, upon needful sanitary measures and precautions. Of this sum about $2,600, in round numbers, was expended during the fiscal year 1882, and none before or since, leaving of the appropriation an unexpended balance of some $7,400. I would respectfully submit that the provision in the Act, for this appropriation, be repealed, and that no more of the kind be made. It serves only to induce localities to seek aid from the State, instead of depending upon their own prompt action for relief. Full authority should be given to corporate cities, towns and to counties, and they should be required to provide for all sanitary measures and precautions, and with full power to impose taxes, &c., for whatever may be needful in the premises, and toward which a step was taken by the Act of 1882, chapter 155; and, therefore, I would further submit whether it would not be wise and proper to repeal altogether the Act of 1880, chapter 438? I very much question whether the things done, or required to be done, justify the salary and expenses paid annually under the Act. It is certainly a very fit subject for State economy.

The Act of 1880, chapter 439, directed the Governor to take measures to suppress the disease known as contagious pleuro pneumonia among cattle, and to prevent the spreading of it, and that all expenses incurred were to be paid by

the treasury officers, upon the Governor's certificate that the same were correct. Under this act there was paid out of the treasury for the fiscal year 1882, the sum of $621.66, and for the fiscal year 1883, the sum of $1,297.21. During this period there was much exaggeration as to the existence and prevalence of the disease. There were a few sporadic cases or outbreaks which, when brought to notice, were at once treated or suppressed, and at this time, and for some time past, there does not appear to be a case known to the authorities. At present there are no applications on account of suspected cases, and those made within a short period before, proved, upon examination, that it was not the disease. As far as it is possible to know, at present there is not a recent new case in the State.

The existing law with some amendment will answer the purposes intended. The power to enter upon premises is confined to the certain knowledge that the disease is existing there; it is only necessary to extend the power of visitation and examination to all premises where it is suspected or might be reasonably apprehended that the disease exists or might exist; and further to provide for the payment, at a reduced price, for an animal slaughtered and having the disease; the law now only allowing compensation for any well animals that may be slaughtered in suppressing the disease, and this reduced allowance may be an inducement to owners to give prompt information if existing on their premises. Care should be taken in any amendment of the law that no other disease be embraced within its provisions. All kinds of disease could be put under State supervision, and continued applications would be made to the State for examination and treatment. The vigilance of the local community, and that, together with the effort of the individual owner of the stock, might be neutralized in the dependence upon the State. In fact, in all such private and perso-

nal matters, the less the State interferes the better for all. It is equally upon the strong personal interest an individual has in the protection and security of his property, as well as on his own personal effort, that its preservation at last depends. In the consideration of all such kinds of protective legislation, it is important to reflect that the local communities may be the better able to attend to such matters than the State. Therefore the local governments of cities and counties should be invested with full powers to deal with a contagious disease of the kind, within their respective limits.

The Deaf and Dumb Asylum at Frederick has been receiving an annual appropriation of $25,000 for its support. The twelfth annual report, made at the end of the last fiscal year, shows 119 pupils in attendance, 48 from Baltimore and 74 from the counties. The course of studies is that generally of the public schools, articulation being taught where of benefit, and a mechanical department attached to fit pupils for trades. This benevolent institution is answering the expectations of its projectors, and is extending to a class, before helpless, an inestimable benefit. It is capable of instructing all the deaf-mutes in the State. It is learned upon investigation that there are still 25 in the State fitted for the institution, who are receiving no instruction, and that efforts are now being made to get them into it.

The Act of 1880, chapter 355, made an appropriation of $1,200 for each of the years 1880 and 1881, to Prof. Knapp's school for deaf-mutes in Baltimore; this appropriation was continued in the general appropriation bill at the session of 1882, for the years 1882 and 1883. The State having a public institution for such purposes, well conducted, and capable of receiving and instructing all the deaf-mutes in the State, I most respectfully submit whether it is just that the State should be appropriating money for the support of private institutions of the kind. All such appropriations

should be well considered before they are made, and the system itself, wherever the State have institutions of similar character, should be broken up.

The House of Correction is a large annual charge upon the treasury. For the fiscal year 1882, there was expended $34,287.50 for support and for building, insurance, &c., and for the fiscal year 1883, the sum of $27,190 for similar purposes. There is an annual appropriation of $25,000 for its support. The Act of 1880, chapter 431, made an appropriation of $20,000 for building and purchase of land, &c.; there is an unexpended balance of this appropriation of $4,000, in round numbers.

The annual appropriation, with receipts from labor, &c., continues to meet the current expenses of the institution, although the number of inmates have largely increased, and without the opportunity of employment for all. The large reduction in the payment of salaries by the abolition and consolidation of offices, together with reduced cost for boarding, &c., of the inmates, have materially helped to meet expenses.

There were 276 inmates on the first day of December, 1883, whilst there were but 179 on the 30th day of September, 1881. There are now about 340 inmates. A large number of these are non-producing, and are engaged principally at this season of the year in work upon the grounds.

This institution is being gradually organized into a system that may in the near future put it toward a self-sustaining condition and relieve the State, at all events to a great extent, from its present large expenditures for its support.

The penitentiary paid into the treasury for the fiscal year (1882) the sum of $1,993.04, and for the last fiscal year, ending the 30th September, 1883, the sum of $1,229.96. The fiscal year for the institution closes on the 30th November, two months later than that of the State. According to

the report of the officers of the institution there was a net balance of $4,585.85 over all expenditures at the end of its last fiscal year—the 30th November. The average annual number of prisoners ranged as follows: 727 in 1876; 815 in 1877; 939 in 1878; 813 in 1879; 648 in 1880; 545 in 1881; 510 in 1882, and 532 in 1883. There is opportunity for the prisoners to be utilized so as to make the institution self-sustaining, and notwithstanding the great decrease in numbers it must be noted that the expenses of officers and guards cannot be proportionally decreased, and therefore the greater liability to become a charge upon the State. And it is gratifying to know that the efficient management of the institution has so far saved the State from the charge.

It further appears from the report that the two new male dormitories built in 1877–78, having over 300 compartments or cells, are entirely vacant, and there are besides 126 compartments in the old building unoccupied, and not much over half of the compartments in the female dormitories are occupied.

With a knowledge of these facts, I beg to refer you to the present condition of the House of Correction. As stated, there were 276 prisoners on the 1st of December in it, and 340 in the latter part of the month, whilst there is but comfortable accommodation at the utmost for 240, and no fit accommodation at all for females. The institution is over-crowded. Being originally intended for a certain class of inmates and amply sufficient to provide for them, it is now being converted into a prison for another class. The courts are committing convicts to it that should be committed to the penitentiary or county jail. There should be some provision made to prevent this. The Act of 1882, chapter 84, gives discretion to the court to commit for the larceny of money, goods, or things less in value than fifty dollars, to the county jail or House of Correction This Act

should be repealed so far as the same gives the power to commit to the House of Correction, and all other Acts that give the power to commit for any of the graver offences; or that the managers be vested with authority to remove to the penitentiary, at any time, such prisoners as may be committed for crime as the exigency may require for their comfort, discipline, or when it may be considered for the benefit of both institutions. The comforts of the penitentiary are superior, whilst the discipline in both institutions are alike, and the conviction for venal crime is the disgrace, and not so much the name of the prison where confined.

The penitentiary is admirably managed; it is noted for cleanliness and almost perfect health; the food is substantial, and sufficient and competent medical service is provided; the discipline, while exact, is tempered with humanity and guided by justice, and whilst punative, it is also reformatory, holding out all the time encouraging inducement to the convict to an amended life.

These institutions should be made co-operative in their designed purposes wherever expedient and practicable.

There was the sum of $1,070,000 taxes due the treasury at the end of the last fiscal year from collectors, sheriffs, clerks and registers and from incorporated institutions other than those in which the State has an interest, either uncollected or not paid over; there was due from collectors for the fiscal year 1883, $386,699.66, and from collectors for preceding years the sum of $486,644.34. Taxation, it may be said, is the chief instrumentality of government, and the imposition and collection of it have always been found one among the most difficult and intricate concerns of all governments where there is to be a sufficient revenue with a corresponding content. A system where the revenues for the State from all sources except from internal improvement companies, averaging annually about $1,800,000, with su ch

a great deficit, cannot be right within itself or in its administration. The certain collection and prompt payment over of the taxes are indispensable to well ordered government. The first object, therefore, of legislation is to have a matured and as near as can be a perfect system.

The payment over of taxes and public moneys already collected should be enforced by the most rigorous legislation. Public officers of the kind should be impressed that promptness here is a State necessity. To withhold them, either through negligence or design, is equally wrong and should not be tolerated, and it should be made a public offense to do so.

I can only repeat the suggestions heretofore made, that upon any deficit by any public officer, in the payment over of State dues, the Comptroller should certify the sum at once to the Court of the county or city of the delinquent, who shall present it to the Grand Jury, and which certificate shall be sufficient evidence for a presentment, the trial to have precedence over all other business, and the fine to be the amount found to be due, and to stand committed until paid, with the costs.

There was at the end of the last fiscal year $107,817.72 due from corporations other than those in which the State has an interest. The taxes due from these corporations are required to be paid by the president or other officers directly to the Treasurer of the State and not to the collectors. Whilst there are severe penalties imposed upon the officers, making them liable to indictment, fine and imprisonment, for a failure to make return of certain property or of stock of their corporations belonging to non-residents, and the payment over of taxes assessed upon it, there appears to be no such or any other kind of procedure to collect the taxes generally assessed against them, and therefore the great delinquency. I submit that some effective measures be taken to enforce the speedy collection of such taxes.

The duties of the treasury department can be much simplified by reducing the number of collectors of State taxes. There are now 84, some counties having a collector for each collection district, and the whole amount of tax to be collected by some does not exceed $300, and in some instances less than that. There should be but one collector or fiscal agent, of some kind, for each county having relations with the treasury. Instead of the great number of 84, there should be but 24, and increasing much the efficiency of the service and with so much less trouble to the department. There should be uniformity in the system that would apply to every county, and to be careful to avoid special legislation that would disturb it.

The taxation of mortgages still continues to be a subject of controversy, in some localities favored and in others opposed, making in some degree a sectional or geographical question. From the current of public sentiment in the larger counties, it can be safely assumed that a majority of the people of the counties favor it. As a rule, in the imposition of a tax it should be so fair and just that there could be nothing in it to interrupt the general content.

There are several modes of meeting this question—

First, tax all mortgages on record not satisfied; second, tax the amount of the mortgage and the assessed value of the real estate in excess of the mortgage; third, tax all mortgages except those for indemnity for purchase money, or belonging to a non-resident.

The second would accord more with article 15, declaration of rights, which enjoins that every person ought to contribute his proportion of public taxes for the support of the government according to his *actual* worth in real or personal property. It will be admitted that a person in possession of real estate valued at $10,000 with a mortgage of the same amount upon it is worth nothing; he is not the

owner of the real estate, for the mortgagee holds the fee; he is simply a possessor, holding it, in fact, upon the rental of the amount of the annual interest upon the mortgage with an equitable right to redeem it if he ever gets the money to do so. As well might you tax the assessed value of any real estate to the tenant occupying it and also to the landlord. This would involve a double taxation, which is conceded not to be just. If the possessor or mortgagor of the real estate is taxed for its assessed value and the mortgagee upon the amount of the mortgage, and the land is worth no more, it is only necessary for the mortgagee to enter into possession and end the double tax; there being in reality but one factor at last in the whole transaction, and that the real estate. But taxing the assessable value of the real estate in excess of the mortgage debt is taxing the real worth of the mortgagor in the real estate, as near as it can be, and taxing the amount of the mortgage to the mortgagee, would be according to his real worth. In respect to the third mode, a discriminating care should be had so as not either to exclude or banish capital from the State. Capital is to our multiplied and diversified material interests what blood is to the physical system; its impoverishment or waste or outflow will be as certainly felt in the one as in the other.

Equal care should be taken also in the taxation of unpaid purchase money and the real estate for which it stands. If the whole purchase money be unpaid, the buyer as possessor, is simply a tenant, and to tax the possession and the real ownership would also be a double tax, in fact, upon the same thing. These rules would apply to payments, by the purchaser, where there could be a distribution of tax according to actual worth.

If it should be determined to tax mortgages and the real estate bound by them, a fair and just mode of doing it

would be to tax at once mortgages made after the law takes effect, and as to those made before to allow a period of two or three years for debtors to prepare themselves against any sudden demand that might be made for mortgage debts, which, if the tax should be made to have an immediate retrospective operation, might be created. I would most respectfully suggest, for a more intelligent action on this subject, that the clerks of the courts and of the city, by an order, be required to make a return, at the earliest convenient day, of the number of mortgages received for record within the past year ended January 1, 1884, and the aggregate amount distinguishing, as far as they can the mortgages for indemnity, for purchase money, and as belonging to non-residents, and their respective amounts.

Upon this important subject of taxation, one of the primary difficulties in fairly dealing with it is the enormous exemptions from taxation of so many of our public securities, and in which there is so much invested property having no relation whatever to other subjects of taxation. Whatever may have been considered the necessity or expediency of such a policy, it is evident that it deranges and disorganizes, more or less, the whole system of taxation for regular purposes, and should never have been adopted where property in securities of any kind, whether public or private, is held to be a fit and proper subject for taxation.

I have thus elaborately referred to our financial affairs and to those measures or matters having either special or general relations to them, and their rightful, thoughtful and exact consideration is a primary duty. Also I have specially referred to the propriety and necessity of abolishing all offices not absolutely required for the public service; this not only for economic reasons, but the equally potent reason for reducing patronage to the narrowest limits, and thus contract or destroy if possible its most pernicious influences; also the separation of the State from a certain class of private

institutions having no general public concern, and where the State has made provision for kindred objects.

There is, above all, one important fact to be impressed that unless there is rigid retrenchment in expenditure, there must be a resort to direct taxation for the general support of the government; that is, assuming that the treasury is to discharge the constitutional obligations resting upon it, and to provide gradually for the payment of our whole debt, and to have a reasonable surplus in the treasury for emergencies. As long as we can safely resort to the former, the people will not and ought not to tolerate the latter.

The following is an account, for the fiscal years 1882 and 1883, of the contingent fund placed to the disposal of the Executive, by virtue of section 32, article 3, of the Constitution, and it may be proper to observe here that it is the only contingent fund allowed by the Constitution, specific appropriations for the several distinct objects being in all other cases absolutely required:

September 30, 1881, there was a balance brought over under the Act of 1880, chapter 431.....	$4,674 52
Appropriation for fiscal year 1882.....	7,500 00
Appropriation for fiscal year 1883.....	7,500 00
Repayment.....	277 06
October 1, 1883, balance brought down under Act of 1880, chapter 432.....	126 50
Total.....	$20,078 08
Disbursements for fiscal years 1882 and 1883.....	10,662 16
Balance unexpended.....	$9,415 92

Embraced in these disbursements is the extra expense of $2,000 paid for the support of the oyster commission, for which no appropriation had been made, as before stated, and also embraced in the disbursements is the sum of

$1,182.75 paid for advertising the defense redemption loan, for which no appropriation had been made. But for these two extra and unusual disbursements there would have remained one-half of the appropriations for 1882 and 1883 unexpended.

The Act of 1882, chapter 432, made an appropriation to the Governor of $5,000 to carry into effect the new law for the registration of voters in the State, in providing for the preparation and delivery of the books of registration to the registers, together with a published copy of the law. The expenditure for all the same was $3,204.80, leaving an unexpended balance of the appropriation of $1,795.20.

The Act of 1880, chapter 126, appropriated $3,000 for refitting and refurnishing the executive mansion. Of this sum nearly $1,000 was applied to repairs upon the building itself, which were found to be necessary. Nothing beside this was expended either in refurnishing the house or making material repairs upon it for the past four years. It is quite a serious charge to keep up an extensive establishment of this kind. At present some portions of the furniture, &c., are very much worn and injured, now having been in use for some fourteen years.

Other questions with reference to the methods of government and administration present themselves for consideration.

Elections should be void of offense It is the only instrumentality for the regular expression of the popular will. If it be fairly expressed, though error, the same unerring agency will soon rectify it, for there is nothing given in history that more surely rights itself than an enlightened public opinion. Every conceivable safeguard should be gathered around them to protect from fraud, corruption and violence.

The late registration of voters was conducted with general satisfaction. By the Act of 1882, chapter 22, section 2, Bal-

timore was divided into groups of three precincts in each ward, with a register assigned to each group, making in all sixty registers for the general registration, and for the revision the year following, and to continue until the present session, when the Governor is required to appoint one register for each ward, with a yearly salary of $500, thus superseding the group or precinctal registration, and returning to the old ward system. The objections to making this a salaried office are apparent and forcible, and a return to the old system will soon and certainly result in the accumulation of names upon the registration books, and with them all the old abuses of which so much complaint was made. I recommend that the law be so amended that the group system for revision be re-established. My own previously expressed opinions still continue for single precinctal registration, and for the city at stated periods of time, with intermediate revision, and to be separated from county registration, the officers to be compelled to discharge the duty with moderate or nominal pay, and upon the ground that every citizen owes some service to the State, regardless of adequacy of compensation.

The law for the general conduct of elections should be revised and amended.

Every safeguard against the many modern devices for fraud and wrong should surround their conduct. The judges should be of our most upright and intelligent citizens, in active life, and compelled to serve; that it should be regarded as one of the most honorable and responsible duties—that of superintending and declaring the will of a free people; that the board of judges should be equally divided in differing party affiliations, and so with the clerks; that the whole conduct should be open to public inspection; the polling places be fixed in advance by the competent authorities, and that there be challengers or representatives of candidates

and parties present, with defined powers and duties of supervision, and also to certify to the result as declared; and specially should provision be made against closed ballots containing, or supposed to contain, other ballots by inclosure, or otherwise to prevent opening until counted. I can only refer, for more extended views, to previous recommendations made to the General Assembly.

In view of the declaration of differing results in the recent election of clerk in the city, it is important that provision be made where similar differences should occur, for some tribunal, either some court or the Governor, to be invested with the power and process on summary proceeding to inquire into the differences and determine the result at least to justify the issuing of the commission.

The existing law for the conduct of primary meetings is imperfect and should be revised. These meetings have become such important factors in our political system and so closely identified with elections, that the same safeguards against fraud, violence and corruption should be provided for their protection as in the case of elections themselves.

Bribery and corruption—the worst of evils in the elective system—I regret to say prevailed to a greater or less extent over the State; in some localities I am advised to a frightful and disgraceful extent, and openly and shamelessly practiced. The most determined effort should be directed to suppress this sore, contaminating and scandalous evil. Conscientious men will not, and men of moderate means cannot aspire to our public service or entertain an honorable ambition to do so where money is to be substituted for merit. I am informed that incredible sums of money were used in some of the closely contested counties. The vices of such elections are carried into office and into legislation upon the one hand and upon the other hand down through the people, demoralizing alike the one that gives and the one that takes. Where

such money is expended it is natural to suppose that the power obtained will be used to make it good. Hence the lobby and the barter in legislation; hence vicious and wrongful legislation; multiplication of offices; jobs, large salaries, extra compensation, assessments of office-holders, managed conventions, and to end in absolute frauds at elections to make certain the necessary result. The whole corrupt system is inspired with the one common purpose—to obtain the public offices and control of the treasury, and of the taxing power to keep it full enough to answer its demands. Nothing should be left untried either in legislation or in active public sentiment to suppress it. Not only should effort be directed against direct bribery, but as against all its various phases, such as the days's wages for voting or the hiring for election purposes, or any other thing done improperly to influence the voter.

Every person elected or appointed to office before taking it should be required to make oath that he had not, either directly or indirectly, been guilty of bribery, and in all its forms to be prescribed in the oath; and it is to be regretted that the present Constitution omitted even the qualified oath of the kind contained in the old Constitution. It should be made a cause of challenge to the voter when presenting himself at the polls to vote, and in all criminal prosecutions for the violation of any law for its suppression that the State be allowed to call either party to the act of bribery and compel him to testify, exempting the witness from any prosecution for the offense.

The appointing power is one of the most important functions of government, and the rightful and consistent distribution of it is essential to its well ordered management, and there should be no irregular invasions of it.

Under modern practices, the appointment of important officers, having important duties to perform, has been given

indifferently to the Legislature, the Board of Public Works and to the judiciary, and not in any wise connected with their respective and special functions. This is neither a consistent nor a wise policy. All chief officers not considered of sufficient importance to be elected by the people should be appointed by the Governor or by some independent power created for the special service. The General Assembly should be divested of all appointing power foreign to its own organization, thus leaving it to the discharge of the sole duty of legislation. The treasurer, now appointed by it, should be elected by the people; the judiciary now appointing the school commissioners for the counties should be relieved from this duty, leaving it to its own sole and appropriate duties; the Board of Public Works, or the members comprising it, now having the appointment of the tax and insurance commissioners and of the oyster police force, should be divested of them; both the former abolished, or, if continued, to be appointed by the Comptroller, as they both so nearly affect his office, and the latter—the police force—to be appointed by the Governor.

The school commissioners for the counties, as now existing by law, could be appointed by the Governor or elected by the people of the counties, or a board to be created to take charge of the whole system for the counties, to be appointed by the Governor or elected by the people of the State, or the State to be laid off into homogeneous and convenient districts, each to have a board with like powers, to be elected by the people or appointed by the Governor. Doing this would relieve the legislative and judicial departments from all matters extraneous to the discharge of their legitimate functions, and the Board of Public Works, or the members composing it, from the performance of any other duty than what is prescribed by the Constitution, and this, as I believe, must conduce to better administration in all.

The reformation and elevation of the civil service in the country have attracted general attention. The effort may be contemned or despised by many, but sooner or later it will command public confidence, and the service itself, as reformed, will be an established policy. The civil service in the State requires distinctive reformation.

All assessments upon office-holders within the State, whether State or national, for political purposes, should be prohibited; all interference by office-holders in primary meetings, conventions and in elections, except to vote, should also be prohibited, and with penalties and measures for conviction sufficient to enforce an observance of the law. This prohibition should be specially applied to the oyster, the inspection, canal and school services for the State, and to the police of the city, and in addition to the other penalties prescribed by law, that there be added dismissal from such service for a violation of the law.

These may be regarded as extreme measures; extreme measures are required at times in revolutions, and this is intended to revolutionize the bad and dangerous practices that have obtained so strong a hold in our State management. It may be said that whilst thus fettering the office-holder the office hunter is left untrammelled. This is true, but the helpless condition, as in all contentions between the weak and the strong, combined with faithful official conduct, will evoke a sympathizing and an intelligent sentiment that must in the end prove a stronger bulwark of defense than the power before possessed. When once lifted out of present practices and influences and all these services are once again regarded as State agencies for the public weal, and not the possessions of partisans for personal of political objects, the rigor of the policy will disappear.

The Constitution, article 3, section 33, requires the General Assembly to pass general laws when applicable, and

expressly directs that no special law be passed in any case for which provision is made by existing general law. This was rightly intended to diminish the excessive legislation that has of late years obtained. General laws have been passed for organizing corporations—before a most prolific source of legislation—and for other matters, but still there is not a perceptible diminution. Could the session be confined to the passage of general laws, with diligence, it would not continue over forty days. At the last session, there were 449 passed, besides the bills not approved by the Governor, but 67 of these were general public laws, and nearly all of them, if not in fact all, passed without contest. I observe that some 22 separate laws were passed sanctioning bequests, which are generally matters of course, and which, at the latter stages of the session, could have as easily been incorporated in one bill; also a mass of local laws for separate counties, having relation to hawks, foxes, owls, crows, &c., birds, fish; to change names of cross roads; to change election district lines; making new districts; for insurance on public buildings and for additions to them; to build school houses; for drainage; for stock running at large; to open streets; make causeways, &c., &c. Also a large number of separate bills for the payment of small sums of money.

The counties should have the power to attend to all such like and other exclusively local subjects, and there should be a law conferring such power upon all the counties, or upon any of them as it might be deemed expedient. It does appear to be reasonable that the local government could provide for killing foxes or owls, or to change the name of cross-roads, or change a district line, &c., &c., as well as the whole body of the General Assembly, whose action is in such matters controlled by the representatives from the county. In conferring this enlarged authority, a limitation

upon the expenditures for extraordinary objects and the creation of any debt for them would be proper, and, if creating a debt, to impose a tax for its payment within a fixed period, or by the immediate imposition of taxes for payment at once. The direct imposition of a tax will more or less limit expenditures. Such a system for local legislation and general laws for everything to which they can be applied will reduce the great mass of present legislation.

The Constitution, article 3, section 27, provides that no bill shall originate in either house during the last ten days of the session, nor shall any bill become a law until it is read on three different days in each house, unless two-thirds of the members, elected to the house where the bill is pending, shall so determine by yeas and nays; and further, that "no bill shall be read a third time until it shall have been actually engrossed for a third reading;" and no bill (section 28) shall become a law unless it be passed in each house by a majority of the whole number of members elected, and upon its final passage the yeas and nays to be recorded; and every bill (section 30) when passed and sealed with the great seal, shall be presented to the Governor for his approval. All this was intended to secure the greatest deliberation and to provide against hasty and improvident legislation. The provisions are so plain, so wise, and so entirely practicable that a disregard of any of them is not to be excused. The value of the provision requiring the bill to be actually engrossed before it is read a third time to be passed is evident. The bill is then perfect, and when so passed is at once ready for the great seal and to be presented to the Governor for his approval. It is made perfect before final adjournment, and therefore no occasion after adjournment for any engrossing committee to superintend engrossment or engrossing clerks to work upon it. It was intended that every legislative act necessary to make the

bill a law, as prescribed by the Constitution, was to be done before final adjournment, and for the most irrefragable reasons. Notwithstanding this it became the common practice not to actually engross the bill for the third reading; indeed, in fact, never to engross the original bill at all, but by a copy from it made after its passage, and which was never read in either house, or, as in the case of a large number of bills, such copies not made until after the final adjournment, and therefore never seen by either house; and it is these copies that are presented to the Governor for his approval as having been engrossed and passed.

It seems clear that the bill as engrossed in either house before the third reading and then read and passed is the bill and the only bill to be sealed and presented to the Governor, and no copy of it. The wrongful and indefensible practice, without reference to the opportunity to commit frauds on legislation, tends to delay and to crowd business to the end of the session, when there is haste and the absence of that deliberation the Constitution manifestly intends, and especially in respect to any bill presented after the adjournment, which deprives the Governor of the opportunity to return it with his objections to the General Assembly passing it, and give to that body no chance of a reconsideration of it and the passage of it, notwithstanding the objections. The very fact that the Governor is entitled to have every bill presented to him for his approval with the important direction that he shall either sign it or return it with his objections to the house where it originated for its reconsideration, would clearly imply that all bills were to be presented to the Governor before final adjournment; and where the Constitution, article 2, section 34, prescribes that if such bill shall not be returned by the Governor within six days after it is presented, the same shall be a law as if he had signed it, unless the General Assembly shall, by

adjournment, prevent its return, also clearly confirms that it was never contemplated that any bills were to be presented after adjournment to the Governor.

I recur to this to impress the importance of reformation in practices that should no longer continue. It is said that custom construes or establishes law; but where the organic written law directs so clearly what shall be done, there should be nothing to intervene between that to be done and the obligation to do it.

It was even questioned in a case lately had before the Court of Appeals, upon a petition for a mandamus against the Governor to return a bill to the office of the Court of Appeals as a law, and not so returned by the Governor for the alleged causes that it was not passed, presented or sealed as required by the Constitution. This high and learned tribunal, without passing upon the other questions in issue, unanimously decided that the great seal of the State was required to be affixed to the bill before it could have a legal presentation, and therefore it was not a law, and the petition was dismissed.

In close connection with this, there is another wrongful method in legislation that should be reformed. The two general appropriation bills for the support of the State government for the fiscal years 1883 and 1884 were both presented to the Executive after the adjournment. Both contained appropriations for private claims and for personal objects not authorized by any existing law. Being presented after the adjournment, the Executive could not return them with his objections, and was obliged to sign them, or leave the State without support. The Executive not possessing the power of disapproving the distinct objectionable items in the bills, he was obliged to approve all.

The certain remedy is in excluding from general appropriation bills for the support of the government, all appro-

173503

priations for private claims or personal objects, and all appropriations not authorized by existing law, leaving all the other claims, objects and bills stand upon their own respective merits before the Legislature and the Executive.

The Constitution, article 14, section 2, requires that at the general election to be held in 1887, just one hundred years from the formation of the federal Constitution, the sense of the people shall be taken upon calling a convention for altering the Constitution. It will be the duty of the next General Assembly, meeting in session in 1886, to make provision for it, and it will then be for the people to determine this question for themselves. The present is a good Constitution, and with some amendments, a better one cannot perhaps be made. All the abuses and wrongs, either in laws, methods or expenditure, of which the people complain, have been the work of legislation or of administration outside of the Constitution, and often in direct violation of its letter and often of its spirit.

If the legislative mind could be brought to their consideration, amendments could be made to the present Constitution that would answer the general purpose. The present is distinguished for its observance of economy; its careful guards in the creation and for the payment of debt; for the enactment of laws; for general and special legislation; for the distribution and limitation of powers, indeed nothing of general or special concern that is not intelligently and carefully provided for. The amendments that could be submitted in the main are free, and plain, and simple—among them, if deemed proper, the extension of the veto to distinct items of appropriation; the election by the people of treasurer; the abolition of the land office; the express inhibition of any presentation of bills to the Governor after adjournment for approval; the separation of the city from county registration; that all officers elected or appointed to office

to take prescribed oaths against bribery; that bribery be a cause of challenge to the voter at the polls, &c.

The judicial system is that which involves the most serious trouble, as there is in respect to it so much difference of opinion. And it is probable that when we come to its consideration, either by the General Assembly or by a convention, a better system may not be obtained. The present has certainly answered the common purpose. In no State, I venture to say, is there a more impartial, just and intelligent administration of justice, and in which there is so little cause for real complaint. For myself I would prefer a totally different system in organization, but then I take it not with the assured confidence that it would secure better service; others would not concur and others again differ with all, and so in the very diverse views get a system perhaps not superior to the present one. But all these are questions to be considered when the people come to vote on the call in 1887. Before the regular period so fixed by the Constitution there should be no provision for a call of the convention. There is no occasion for it. The public mind has been fixed upon the regular period, and because of the time yet to elapse has not given to the subject that deliberate and careful consideration to which it is entitled; with the reformations in the treasury contemplated, it will not be able at present to bear the great expense unless by a loan and taxation. Beside, next fall the presidential and congressional elections will absorb the public mind to the exclusion of all else, and if the call be then defeated, this does not dispense with the duty of again submitting it in 1887.

I most respectfully recommend to your consideration the importance of providing for a thorough revision of the whole fee system of the State, embracing the costs and fees in all the courts, and for all the officers, clerks, registers,

sheriffs, constables and magistrates. There is much complaint in respect to the charges for fees and costs, and even litigation as to what they really are.

At the session of 1880 a resolution passed the House of Delegates authorizing the Governor to appoint an unpaid commission of gentlemen who would take upon themselves a revision of the whole system and make report to the next General Assembly. It was hoped at the time that such commission would be able to simply present rates, making them more specific and intelligible and uniform, and that would tend to prevent wrongful and excessive charges. The resolution was defeated in the Senate, and nothing was done then or since to remedy defects or wrongs. I would submit that a resolution of similar character be passed.

I have thus at great length, in complying with my constitutional duties, submitted to your honorable bodies my views in respect to measures of policy, and such information in relation to the condition of the State as I thought to be expedient and necessary, and have referred to no other. In being so extended, my apology must rest upon the earnest convictions I have upon the many public questions that affect the State and the people. In entertaining my own opinions, and giving free and unequivocal expression to them, I recognize the fact that it is not to be expected that there shall be accord with all or even the most of them; indeed, it may be with some in no accord with any of them.

The very life of a free government is in the abrasion of conflicting opinions; where the free expression of thought is allowed, there is the hope of a convincing right. In the antagonisms created or hostilities incurred by any official action, I beg to say that in what was done, whether right or wrong, such action was prompted solely by the desire to promote the public good.

In a few short days the great authority vested in me by the good people of the State as their Chief Magistrate will be laid down. When assuming the important obligations of this honorable position, and before taking the oath of office in the presence of the General Assembly and of the assembled people, I declared it to be my determination that everything done should be directed and directed solely in the interests of good government, and that my cordial co-operation should be had with the other departments of the government in promoting wise and unselfish legislation; in assuring fair, pure and peaceful elections; in enforcing a rigid economy in all branches of the public service; in reducing taxation to the lowest point compatible with economical administration; in correcting all abuses, whether great or small, and wherever existing; in limiting official employment to the absolute necessities of the State, and in maintaining an elevated standard of official probity, capacity and application. In returning to the private walks of life I shall bear with me the consciousness of having fairly, honestly and faithfully endeavored to discharge the important and imposing obligations then assumed, and of having faithfully endeavored to meet the just expectations of the people.

It this final formal communication I can only express further my sincere desire that you and all our fellow-citizens, whether in or out of authority, shall direct your best efforts to the preservation of the peace, happiness and prosperity of the State and of all its people; that there be just, wise and equal legislation, protecting the weak against the strong, and the good against the bad, and dealing justly with all; relieving the burdens of labor from any unjust exactions that would deprive it of the full rewards of its toil, for at last upon the broad shoulders of labor rests the weight of all governments; that in all acts and conduct in our relations to the State, the common mother of us all, there be

always that elevated patriotism and affection that would reject every selfish aspiration and disdain every dishonorable ambition; and that there be gathered round our institutions, made pure and good, the bulwarks of a living public conscience, that shall exact nothing but what is right, and submit to nothing that is wrong.

WILLIAM T. HAMILTON.

UNIV. OF MD COLLEGE PARK
3 1430 03833084 3

DEC 75
N. MANCHESTER,
INDIANA